



GEORGIA DEPARTMENT OF REVENUE

OFFER IN COMPROMISE APPLICATION

The Following Pages Contain:

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 - ◆ Instructions For Completing The Offer In Compromise Application
 - ◆ Offer In Compromise Application - Form OIC-1
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\$100.00 Nonrefundable Application Fee Required

Note: This form may be downloaded from the Georgia Department of Revenue website located at:

<http://www.etax.dor.ga.gov>

OFFER IN COMPROMISE POLICY STATEMENT

The Georgia Department of Revenue (the Department) will accept an Offer in Compromise (OIC) when it is determined that the tax liability cannot be collected in full, and the amount offered reasonably reflects collection potential. The success of the offer in compromise program will be assured only if the taxpayer makes an adequate compromise proposal consistent with ability to pay and the Department makes a prompt and reasonable decision. The taxpayer is required to provide reasonable documentation of financial condition. The goal of the Offer in Compromise Program is to achieve a compromise that is in the best interest of both the taxpayer and the Department. Acceptance of an offer should create for the taxpayer a fresh start regarding compliance with current and future tax filing and payment requirements.

The Department is available to discuss with the taxpayer the terms and conditions of the OIC program and all filing requirements. If it is determined that an OIC may be a possible remedy for a tax debt, the taxpayer may obtain the necessary forms from the Department and if necessary, receive assistance with its preparation.

APPLICATION FEE

The offer must include a nonrefundable \$100 application fee or a completed Form OIC-11 (Offer in Compromise Application Fee Waiver Request), if you are requesting a waiver of the fee because of your income. Offers received without the \$100 fee or a completed Form OIC-11 will not be accepted for processing. The application fee will be credited to the tax debt only if the offer is accepted. The application fee will not be credited to the tax debt if the offer is declined.

BASIC INFORMATION CONCERNING OFFERS IN COMPROMISE

- ◆ An offer will not be considered if it is determined that the offer was filed for the purpose of delaying collection or otherwise jeopardizing the Department's ability to collect the tax debt. Any installment payment arrangement already in effect will be continued while the offer is considered. Interest and penalty will continue to accrue on any unpaid tax debt while the offer is being considered.
- ◆ Any payment made with the application, including the application fee, will be applied as partial payment to the applicant's tax liability regardless of the disposition of the offer.
- ◆ An OIC Specialist will evaluate the offer and make a recommendation to accept or reject. The Specialist may request additional documentation to verify financial or other information concerning the offer. The financial investigation may require verification of financial data by visual inspection of records and personal interview. The Specialist may determine that a larger offer amount is necessary to justify acceptance. The applicant will have the opportunity to amend the offer if indicated. Any amendment to the offer must be in writing from the applicant or their POA.
- ◆ All information and statements provided by the applicant are subject to verification, and are under the jurisdiction of Georgia Code § 16-10-20, concerning the giving of false statements.
- ◆ The offer application is to be submitted only on Form OIC-1, and must include the required financial disclosure form(s). A copy of Form OIC-1 may be used provided no changes have been made to the form. Depending upon the legal structure of the applicant, the following financial disclosure forms are required:

| <u>Legal Structure</u> | <u>Form(s) Required</u> |
|------------------------|-------------------------|
| Individual | CD LO-14B |
| Proprietorship | CD LO-14B & CD LO-14C |
| Partnership | CD LO-14B & CD LO-14C |
| Corporation | CD LO-14C |
| Trust/Estate | CD LO-14C |
| Corporate Officer | CD LO-14B |

- ◆ Individual applicants must submit Form CD LO-14B, Collection Information Statement for Individuals. Self-employed applicants must submit both forms CD LO-14B and CD LO-14C, Collection Information Statement

for Business. Corporations or partnerships must submit Form CD LO14C. Collection Information Statement for Individuals may also be required of corporate officers or business partners. Applicants may obtain the application and financial forms at any of 11 regional offices listed on Page 4 of Form OIC-1.

- ◆ Any collection by the Department prior to the offer or any refund to which the Department is entitled under its offset provision cannot be considered part of an offer.
- ◆ An offer cannot be considered until all required tax returns have been filed. Timely filing of all tax returns is required while the offer is pending.
- ◆ Tax liens will be released only after an offer is accepted and the amount offered is paid in full.

DOUBT AS TO LIABILITY

A "Doubt as to Liability" Offer is based upon the applicant's belief that the tax liability is not correct or that the applicant is not liable. Financial forms are required and must be attached for the offer to be considered. An offer of this type does not involve the inability to pay (compared to the "Doubt as to Collectability" Offer). Instead, the amount to be offered should be what the applicant believes to be the correct tax amount, including any applicable interest and penalty. (Note: An offer of "zero" or "none" cannot be considered.) The applicant should fully explain the basis for the offer in Item 7 of the OIC application.

IF THE OFFER IS ACCEPTED

The Department will notify the applicant by mail if the offer is accepted. Payment of the accepted offer must be made by the payment due date as indicated on the acceptance letter. Any issued and recorded tax lien subject to the accepted offer will be stamped "satisfied" and mailed as promptly as possible upon full payment of the offer. Payment of the offer by cashier's check or money order will assure faster satisfaction of the lien. Compliance with all terms and conditions of the offer is required, including the timely filing and payment of all required tax returns for a period of ten years from the date the offer is accepted. Failure to comply will result in the offer being voided and resumption of collection on the total balance due.

IF THE OFFER IS DECLINED

The applicant will be notified by mail if the offer is declined. The applicant should immediately contact the Department to arrange payment of the entire liability. If immediate payment of the entire liability is not possible, the applicant may request payment through a Department-approved installment payment agreement. Georgia law makes no provision for appeal of a declined offer. The Department will only accept one offer from any applicant in a ten year period.

RETURNING THE OFFER

The Department may reject the application as not processable for any of the following reasons:

- (1) The \$100 application fee is not attached.
- (2) The applicant is not adequately identified (name, address, ID #, etc.) or required signatures are not provided.
- (3) An offer of "zero" or "none" cannot be considered.
- (4) The offer includes an amount already collected or subject to refund offset.
- (5) The tax liability is not adequately identified.
- (6) The offer does not show a reason ("Doubt as to Collectability" and/or "Doubt as to Liability") or the summary statement supporting the reason for the offer has not been provided.
- (7) Financial statements have not been included or are incomplete.
- (8) The Department's records indicate noncompliance with filing of required returns.
- (9) The applicant is currently under bankruptcy court jurisdiction.
- (10) Power of Attorney Form (if indicated) has not been included.

INSTRUCTIONS FOR COMPLETING FORM OIC-1

Item 1 Enter the applicant's full name, street address, social security, FEI number (if applicable), and daytime phone number. If the tax liability is owed by more than one person, identify each person or business for which the offer is made.

Item 2 Enter the mailing address, if different from the street address.

Item 3 Place an "X" in the box next to the term or terms that identifies the applicant's legal structure.

Item 4 Enter the offer amount. Place an "X" in the box next to the method of payment. All payments made with the application will be applied as partial payment toward the applicant's tax liability and will not be returned, regardless of the disposition of the offer. The acceptance of this payment constitutes neither a waiver of any of the Department's rights, nor an acceptance of the offer.

Item 5 Place an "X" in the appropriate box. The offer must include a nonrefundable \$100 application fee or Form OIC-11 (Offer in Compromise Application Fee Waiver Request) to be considered processable. The application fee is not part of the offer and will be credited to the tax debt only if the offer is accepted. The application fee will not be credited to the tax debt if the offer is declined.

Item 6 Place an "X" to identify the involved tax type(s). Specify the account number (social security, sales & use tax, withholding tax, etc.) and the period for which the offer is made. Please contact the Department if you need to confirm any periods of liability.

Item 7 The Department may legally compromise a tax liability for one or both of the following reasons:

(1) "Doubt as to Collectability" – The applicant doubts his ability to ever pay the full amount of tax owed.

(2) "Doubt as to Liability" – The applicant believes that the tax liability is not correct or he is not liable.

(Note: The Department will not accept a compromise based on doubt as to collectability when there is no doubt that the full amount can be collected. The Department will not accept a compromise based on doubt as to liability if the amount owed has already been determined to be legally correct by a court or an administrative law judge.) Provide a detailed statement explaining the reason for the offer. You may attach any documents that support the statement.

Item 8 Provide name of offer funding source.

Item 9 A completed and signed Power of Attorney Form (Department of Revenue Form RD-1061) must be attached if an attorney, accountant, or other agent represents you.

Item 10 It is important that the Terms and Conditions listed in this section are understood. Pay particular attention to Items "b" and "e", as they address future compliance provisions and refund offsets. Also, the applicant authorizes the Department to obtain bank and financial information, as well as a credit history from any consumer reporting agency, for the purpose of verifying the financial information provided by the OIC applicant. All persons submitting the offer must sign and date the application.

Item 11 The applicant may at his discretion allow the Department to exchange information regarding a pending or completed offer with the IRS. All information in this section must be provided including applicant signature(s) and date.